



Major Impacts to the Industry

April 2022



MAJOR IMPACTS TO OUR INDUSTRY DRIVING COSTS

Labor Challenges **Reduced Inventories** **Inflation & Cost Adjustments**

Small business solvency

Supply Chain Disruptions

COVID

Equipment

Fuel increases
Higher Volume

China Sword

Enhanced

Texas Freeze

Recycling Impact

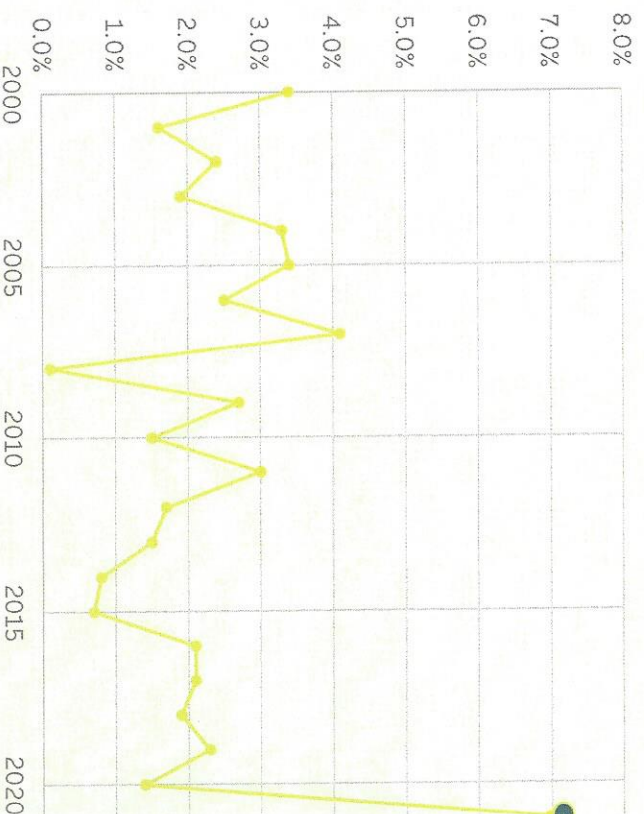
Technology

Fuel cost surges




INFLATION INDICATORS

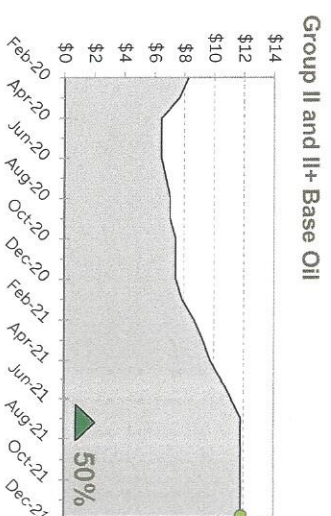
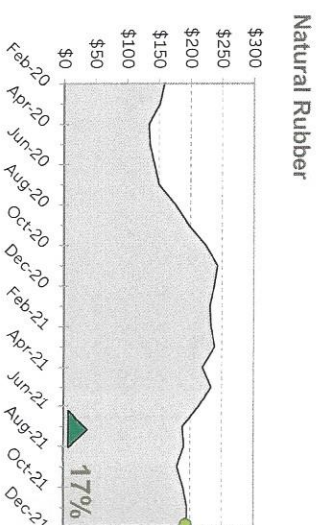
- Inflation fell slightly in the beginning of the pandemic but then rebounded and rose quickly in the United States as well as in many other countries.
- Widespread shortages early in the pandemic affected nearly all categories of consumer goods.
- A hot housing market, component shortages and supply chain disruptions are some of the reasons inflation is likely to stay elevated.
- Prices of new cars, trucks, appliances and computers continued their upward march because of a shortage of needed semiconductors.
- Rising wages for workers amid a labor shortage are likely behind the steady increase in restaurant menu prices.
- Shipping capacity constraints will also find their way into price increases as businesses pass on cost increases to consumers.

2021 Inflation at a 40-Year High







KEY INDUSTRY INFLATION IMPACTS – MAINTENANCE

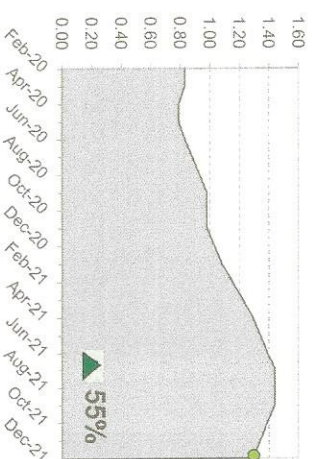
Category	Main Commodity	Market Influencers and Impact
 Maintenance	Mixed basket of commodities	<ul style="list-style-type: none"> Maintenance - 29% - collection parts, labor, tires, lubricants, carts, containers and compactors, container maintenance parts, collection vehicles
 Tires – New & Retread	Natural / Synthetic Rubber, Carbon Black	<ul style="list-style-type: none"> Natural rubber peaked at a 44% increase for new tires over 2020 costs Major OEM tire producer price increases trail six months. Commodity prices peaked in April 2021 and those increases are just now being realized
 Lubricants	Group 2 & 2+ Base Oils, Additives	<ul style="list-style-type: none"> Base oils for lubricants have increased 50% in 2021 compared to 2020 Prices for several base oil grades touch record highs Transportation costs continue to rise affecting landed cost



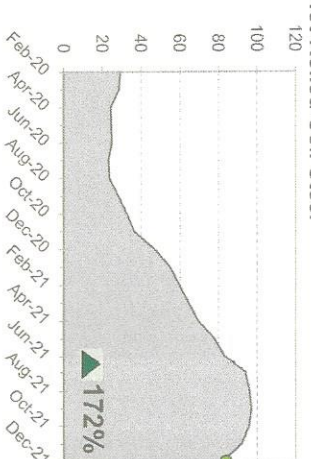
KEY INDUSTRY INFLATION IMPACTS – MAINTENANCE

Category	Main Commodity	Market Influencers and Impact
 Carts	HDPE	<ul style="list-style-type: none"> Cart unit costs have increased over 50% compared to 2020 Shortage of resin due to natural disasters Most major commodity producers operating under force majeure clause since Texas freeze
 Containers & Compactors	Hot Rolled Steel	<ul style="list-style-type: none"> Hot rolled steel/coil prices have increased over 200% reaching historic all-time highs Steel import tariffs still in place Steel manufacturers continue to throttle production while container suppliers seeing labor shortages Existing container maintenance costs are increasing with steel prices
 Collection Vehicles	Hot Rolled Steel	<ul style="list-style-type: none"> Following Covid-19 pandemic-related shutdowns last year, steel demand has rebounded faster than mill output. This has led to tight supply and higher prices causing record-breaking highs Labor shortages shut down major supplier leading to low inventories and reduced built slots On top of steel prices and shutdowns, global semiconductor shortage impacting all vehicle production
 Collection Parts	Steel, Plastic	<ul style="list-style-type: none"> Labor and raw material shortages continue to strain industry Transportation costs continue to rise affecting landed cost


Resin/HDPE*



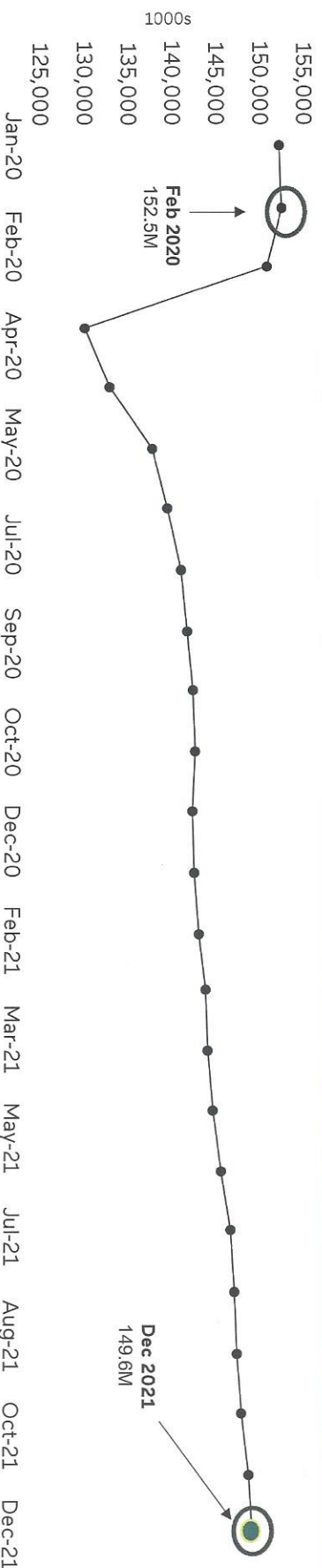
Hot-Rolled Coil Steel



KEY INDUSTRY INFLATION IMPACTS - LABOR

Category	Main Commodity	Market Influencers and Impact
 CDL Drivers / Labor	Wages	<ul style="list-style-type: none"> • Labor shortages and turnover driving increase in wages • For December 2021, the U.S. unemployment rate was 3.9%. However, going into the pandemic, unemployment was in the mid 3% range • Front line labor costs have almost doubled since 2020 • Federal stimulus and unemployment subsidies have couched certain workers given government money pays more than wages earned • CDL federal drug database removed over 40,000 drivers from US roadways In general, labor makes up 35% of collection costs.

Total US Employment
Cumulative nonfarm payroll. The US economy is 2.9 million jobs, or 1.7% below February 2020 (pre pandemic) levels



Inclusion, Equity & Diversity | Customers | Safety | Environment



CDL AVAILABILITY - EXTERNAL CONTRIBUTING FACTORS

Over 70,000 more job openings than CDL Drivers in the U.S. - 80,000 fewer Drivers than a year ago

CDL SCHOOLS/ SUPPLY

The industry has seen a **40% drop in CDL training** due to CDL school closures.

20% of truck schools are still closed, while those open graduate fewer students due to social distancing.

The Commercial Vehicle Training Association (CVTA) shares the closure of these agencies and leaves many future drivers (up to 40,000) **unable to obtain commercial learners permits and CDLs.**

Employers apprentice programs are creating **training opportunities for internal and external talent.**

DEMAND

Demand for Drivers has tripled due to drastic changes in the economy caused by the pandemic such as increases in online shopping.

Drivers for Amazon, FedEx, and UPS, local or last mile delivery **do not require a CDL.**

This is **reducing the number of CDL applications in every State**, as workers who would typically get a CDL, are not.

Many **recruiting agencies will not support Driver roles** given the shortage in the labor market.

UNEMPLOYMENT

Federal unemployment subsidies (up to \$400/wk) added to State unemployment insurance **exceeds Drivers' pay** in some locations.

Federal stimulus increased **unemployment benefits** which has "couched" many drivers who discovered they could earn more by staying home rather than being on the road. (Bureau of Labor Statistics).

DRUG SCREEN

40,000 drivers were removed (~1% of driving force) from January - September 2020 due to **failed drug test results**, most of which were from marijuana use.

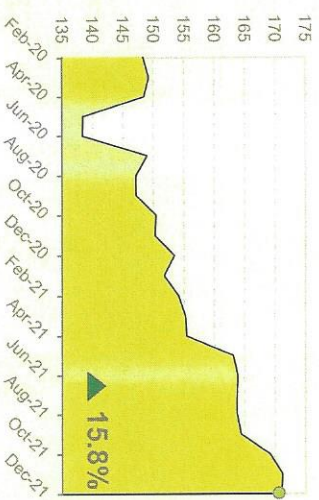
Recreational Marijuana is legal in 14 States and 4 territories in the US and Canada.

Reduced commercial driver training and licensing due to the pandemic and the Drug & Alcohol Clearinghouse have resulted in **nearly 200,000 fewer drivers** as we enter 2021. (U.S. Xpress)

INFLATION SUMMARY

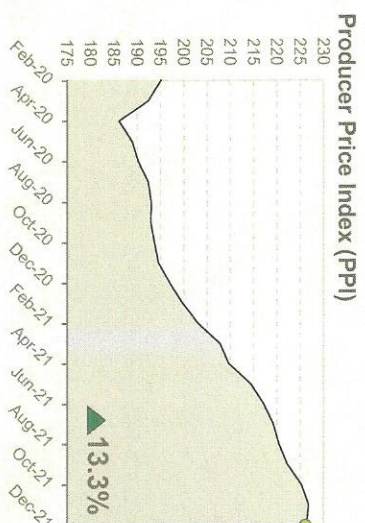
PPI: General Freight Trucking, Local

General Freight Trucking is an index that reflects the changes in WM's industry. The index is up almost 16% since January of 2020. Along with both PPI and CPI, the General Freight Trucking index is at an unprecedented high level.



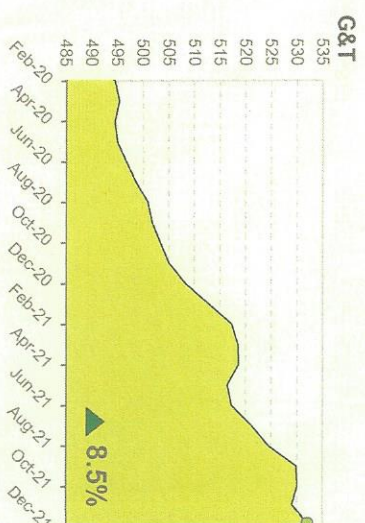
PPI: Producer Price Index

U.S. producer prices increased solidly in October, driven by surging costs for fuel and motor vehicle production, suggesting that high inflation could persist for a while amid tight global supply chains related to the pandemic.



GT: Garbage & Trash

Garbage & Trash is an index that reflects the changes in WM's industry. The index is up almost 9% since January of 2020. Along with both PPI and CPI, the Garbage & Trash index is at an unprecedented high level.



MACRO LABOR TRENDS

- ▶ The industry has seen a 40% drop in CDL training due to CDL school closures.

- ▶ 20% of truck schools are still closed, while those open graduate fewer students due to social distancing.



Supply

- ▶ 40,000 Drivers were removed (~1% of driving force) from January – September 2020 due to failed drug test results, most of which were from marijuana use.

- ▶ Reduced commercial Driver training and licensing due to the pandemic and the Drug & Alcohol Clearinghouse have resulted in nearly 200,000 fewer drivers as we enter 2021. (U.S. Xpress).

- ▶ ATA has reported that the trucking industry will need to hire roughly 1.1M new Drivers over the next decade (110K annually).

- ▶ Demand for drivers has tripled due to changes in the economy caused by the pandemic such as increases in online shopping (Amazon, FedEx, UPS, etc., local or last mile delivery do not require a CDL).



Cost

- ▶ In June, national average hourly earnings rose 3.6% year-over-year.

- ▶ The industry has seen across the board increases on cost from the Driver shortage: from increased cost to hire (higher wages, signing bonus), to increased wages to retain, to increased cost of turnover as more experienced drivers leave the workforce.

The number of jobs available does not match:

- ▶ **What they are:** The types of job that are available (transportation, restaurant, hospitality, services, etc.) do not match that types of jobs workers are seeking.

- ▶ **Where they are:** Many moved during COVID. The location of talent is not aligned to job openings. Remote work is becoming more desirable.



MARKET RATES FOR MSW DISPOSAL

Municipality	CY 22 Disposal Rate Per ton	Disposal Facility	Proposed Per Ton Rate
Billerica MA	\$86.42	Wheelabrator	
Burlington MA	\$93.60	Covanta	
Chelmsford MA	\$93.60	Covanta	
Derry, NH	\$92.70	Covanta	
Dover NH	\$77.50	TREE	\$83.01
Groveland MA	\$84.00	Wheelabrator	
Hampton NH	\$82.14	TREE	\$86.25
Hudson NH	\$86.50	Wheelabrator	
Lawrence MA	\$83.00	Wheelabrator	
Lowell MA	\$81.57	Wheelabrator	
Lynnfield	\$95.48	JRM	
Merrimack, NH	\$78.00	TREE	
Plaistow NH	\$85.00	Covanta	
Portsmouth NH	\$76.07	TREE	\$84.00
Reading MA	\$95.48	Covanta	
Somersworth, NH	\$77.50	TREE	\$83.01
Souhegan Regional Landfill District	\$90.00	Wheelabrator	
Southeast Regional	\$77.12	TREE	\$80.98
Wakefield MA	\$95.48	Covanta	
Winchester MA	\$95.48	Wheelabrator	
Wilmington MA	\$83.15	Wheelabrator	
MSW Disposal Average Cost Per Ton	\$86.18		